

SIGNATURE PAGE

Country: Moldova

UNDAF Outcome(s)/Indicator(s):

Expected Outcome(s)/indicators: Statistical capacities and analytical processes for regular MDG reporting established

Expected Output(s)/indicators: **Output:** National Human Development Report formulated in a participatory manner, and widely disseminated with the aim of increasing awareness about Human Development issues.

**Indicators:**

Use of NHDR analysis, conclusions and recommendations in policy making.

Implementing Partner:

*(designated institution)*

Ministry of Economy

Other partners:

*(formerly implementing agencies)*

Department of Statistics and Sociology, Ministry of Education, Ministry of Health

Programme Period:	2002 – 2006
Programme Component:	MYFF Goal 1, SL 1.1
Project Title:	Formulation of the National Human Development Report
Project ID:	00043952
Project Duration:	24 months
Management Arrangement:	NEX

Budget	\$46,485
General Management Support Fee	
Total budget:	
Allocated resources:	
• Government	
• Regular	\$46,485
• Other (TTF):	
• In kind contributions	
Unfunded budget:	

Agreed by (Marian Lupu, UNDP National Coordinator,  
Minister of Economy):



Agreed by (Bruno Ponezat, UNDP Resident Representative): Bruno P. Ponezat

United Nations Development Programme

**Formulation of the National Human Development Report**

**Brief description:**

This project will support the preparation and publication of National Human Development Reports (NHDR) for Moldova during 2005-2006. The preparation of these Reports which will be based, stylistically and theoretically, upon the annual Human Development Reports of UNDP and will serve as a vehicle through which the Government of Moldova, as well as UNDP, will be able to study, identify and prioritize Moldova's socio-economic and human development needs. This research will permit the Republic to better define target areas for its development policies, as well as to better communicate its needs to donors, NGOs, international and regional organizations when seeking technical and financial assistance. The main objective of the project is to promote the understanding and identify the stakes of the concept of human development in society, government and the media through the process of research and analysis for development of the National Human Development Report and the integration of its findings into public policy discourse in Moldova. The NHDR reinforces and completes the works launched within the PRSP framework. A second purpose of the project is to explore the mechanisms for financial sustainability of the NHDR development process including its publication and dissemination this includes identifying national institutions capacity building and transferring of know-how and ownership of the NHDR process.

## Section I — Narrative

### Part I. Context

In the recent years, UNDP Moldova through its Human Development Reports has been drawing attention of country's policy-makers and civil society to the of Moldova's socio-economic development. The reports have stimulated national debates and resulted in many initiatives promoting and strengthening human development. The reports have offered focused perspectives on and analysis of national circumstances and strategies for economic growth and advancing human development. The aim of the reports has been to bring together the human development facts, influence national policy and mobilize various sectors of economy and segments of society. It introduces the human development concept into national policy dialogue—not only through human development indicators and policy recommendations, but also through the country-led and country-owned process of consultation, research and report writing. As an advocacy tool designed to appeal to a wide audience, the report can catalyze public debates and mobilize support for action and change. It is considered one of the major documents written and disseminated in Moldova by UNDP and the UN system as a whole: a well-regarded platform of the human development in Moldova.

Since 2000, as one mainstay of its policy advocacy efforts in Moldova, UNDP has sponsored the preparation of two NHDRs: one in 2000 "*Towards a Culture of Peace*" and 2003 "*Good Governance & Human Development*".

The Republic of Moldova, since acquiring independence from the former Soviet Union (FSU) in August 1991, has been faced with numerous political, economic and social challenges. Politically, the nation needed to change the ideological foundation of its political activity -from a command economy to market and democracy- as well as to restructure deeply the existing government. In economic terms, Moldova has been striving to transform the nation from a centrally planned economic system to a free market economy. This complex process, however, is not achieved and is still underway.

The political and economic changes have resulted in economic difficulties which have had an enormous impact on all sectors of society, especially the social one, having left the social security system nearly bankrupt, hospitals without basic medications, schools without fuel for winter or basic textbooks, and numerous employees without jobs or remuneration. At the same time, crime is on the rise, as is drug use and alcoholism. Social morale is generally low.

Given the above, the need for the country to pursue the fight against poverty as well as an effective sustainable human development strategy is very high. In this light, the Government believes that the first step in the elaboration of this strategy must be the intensive, thorough and honest identification of the Republic's development level, and, subsequently, the nation's needs for further development and reform.

Thus after 14 years of transformation and reconstruction, the Republic of Moldova is still an early stage phase emerging market. However Moldova is gradually recovering from a deep loss of socio-economic coherence and the positive factors outweigh the negative ones. Moldova is a

low-income country in Europe, even by emerging European standards, but it has attained a high degree of political stability. Widespread pro-markets reform has been undertaken, inflation is broadly under control, the currency is strong – may be too strong due to the inflow of capital linked to the remittances, and the economy has grown significantly over the past four years. Between independence and 1999, Moldova experienced a catastrophic economic decline, which cut GDP by more than two-thirds. The economy bottomed in 1999, since then GDP in currency terms (US\$) has increased by almost 30 per cent. During this period of time, the Government tried to pursue a pragmatic reformist agenda, which is gradually aligning the country with Western Europe.

Thus, following the regional financial crisis in 1998, Moldova has made significant progress towards achieving and retaining macroeconomic and financial stabilization. It has, furthermore, implemented many structural and institutional reforms that are indispensable for the efficient functioning of a market economy. These efforts have helped maintain macroeconomic and financial stability under difficult external circumstances, enabled the resumption of economic growth and contributed to establishing an environment conducive to the economy's further growth and development in the medium term. Despite these efforts, and despite the recent resumption of economic growth, Moldova still ranks low in terms of commonly-used living standards and human development indicators in comparison with other transition economies. Although the economy experienced a constant economic growth after 2000: with 2.1%, 6.1%, 7.8% and 6.3% between 2000 and 2003 (with a forecast of 8% in 2004), one can observe that these latest developments hardly reach the level of 1994, with almost 40% of the GDP registered in 1990. Thus, during the last decade little has been done to reduce the country's vulnerability. After a severe economic decline, social and economic challenges, energy uprooted dependencies; Moldova continues to occupy one of the last places among the European countries according to the income per capita. In 2002 (Human Development Report 2004), in Moldova the registered GDP per capita was US \$381<sup>1</sup> equivalent to US \$ 1,470 PPP, which is 5.3 times lower than the world average (US \$ 7,804). Moreover, GDP per capita is under the average of all regions in the world, including Sub-Saharan Africa (US \$ 1,790 PPP). In 2004, about 40% of population were under the absolute poverty line and registered an income lower than US \$ 2.15 -purchasing power equivalent- per day. Moldova is classified as medium human development and is placed on the 113 spot in the list of 177 countries. The value of the Human Development Index (0.681) is below the world average.

At the same time, the growing and widespread State interference certainly needs to be curtailed to restore investors' confidence (national and international) and take advantage of Moldova's position at the boarder of the enlarged EU. Of course, the timely implementation of the new Economic Growth and poverty Reduction Strategy would boost economic development and help to secure access to official finance. The latter point could be decisive to manage an excessive external debt close US\$ 1.4bn as well as a debt service as an ongoing issue largely dependant of an agreement with the Paris Club. In fact the sustainability of growth largely depends on the continuation of structural reforms able to restore confidence and a decent flow of investment diminishing the dependency on remittances from abroad. At the same time the Country needs a clear vision promoting a development based on possible comparative advantages and specializations -including vinery, tobacco, some other branches of agriculture, certainly a services oriented economy, telecom and even a competitive software production.

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<sup>1</sup> Est. 2003 YoY GDP per capita US \$ 451; YoY inflation 15.7% (4.4% in 2002).



## **NHDDR 2000: Towards a Culture of Peace**

The National Human Development Reports prepared in the Republic of Moldova with UNDP support since 1995 describe the process of the country's development and are an important mechanism of monitoring progress and analyzing barriers to socio-economic transformation and progress and human development.

The 2000 National Human Development Report has been dedicated to the Culture of Peace on the initiative of the United Nations. It sought to point humanity towards new efforts and new beginnings for the new millennium. Tolerance, cultural diversity, the elimination or mitigation of contradictions in political, economic and social spheres, regional post-conflict peace building—all these problems of the highest priority for were analyzed in the Report. The NHDR focused attention on 'key-points' for the development of the Culture of Peace in Moldova and possible ways of moving towards a society with the observance of human rights, sustainable human development, cultural diversity, and a good degree of moral and psychological comfort. The idea was to look at where Moldova had been in order to see where it was going in the recent period.

## **The previous National Human Development report, in 2003, focused on Governance**

The human development agenda of the past indicates that good governance had become a concern of the entire society. It has been heralded as the missing link in development, as a primary objective of development assistance and a pre-condition to achieve sustainable human development. For these reasons, the main subject of the NHDR 2003 was to explore to ways of improving governance, seen as enhancing not only the institutional capacity of the state to design and implement more sustainable policies but also as strengthening the role of the civil society in human development.

## **Project justification**

The Republic of Moldova's dedication to the reform of its political, economic and social spheres has been evident: democratic parliamentary and presidential elections have been and are organized, a new Constitution has been ratified, legislative acts have been and are developed and adopted, among others. Apart from the above, the country still needs assistance from the international community not only in financial but also technical and advisory assistance in the pursuit of reform and development, including sustainable human development.

The Human Development Reports to be prepared in 2005-2006 will provide a vision of how human development could be further advanced in the country by providing an analysis of Moldova's problems and elaborating on strategies to resolve these problems. In particular, they will focus on considering the main possible comparative advantages and perspectives of the country as a possible competitive economy and society of services familiar with the EU and the CIS peculiarities. In that context, the role of the state and social cohesion during the period will be analyzed at a time where the implementation of the new Economic Growth and Poverty Reduction Strategy should boost economic and human development.

### **The main principles**

The NHDR development process will be in line with UNDP corporate policies for NHDR development. The following principles will underpin the Report's development process:

- National Ownership
- Participatory and inclusive preparation
- Independence of Analysis
- Quality of Analysis
- Flexibility and Creativity in Presentation
- Sustained follow-up

Details on the six principles are provided in the attached Checklist – A Guide for Basic Steps Necessary for the Preparation of a Human Development Report.

## Part II. Strategy

The Moldova Common Country Assessment (2000) has identified *Economic growth and poverty alleviation* as one of the key areas of intervention for the UN agencies assistance in Moldova. It also states that “poverty alleviation is now one of the most urgent problems for Moldova’s population ... . Anti-poverty policies should be part of a social strategy, which is built on the concept of sustainable human development promoted by the UN.” The UN response to the country needs for the period of 2001 – 2005 is reflected in the UN Development Assistance Framework. Under its Goal 3 “Social Sector Reform and Development” the UN system committed to advise the Government and strengthen its capacity to develop and implement policies and programmes for reform and restructuring in education and culture, health, and services for vulnerable groups. It also provides that the UN system will also support the development and strengthening of the data collection and analysis in the country’s priority areas.

## UNDP

UNDP as a leading UN agency has a key objective in the Republic of Moldova to help the country attain its Millennium Development Goals by providing sound policy advice and efficient programme implementation services. The 2<sup>nd</sup> Country Cooperation Framework 2002 – 2006 places UNDP assistance mainly around 2 areas of intervention: **governance** and **social integration**, with 5 *cross-cutting* themes planned to be integrated in the programme activities - *Poverty alleviation* being an area in which UNDP’s capacity building efforts are recognized to have a comparative advantage. According to the most recent Strategic Results Framework, UNDP Moldova assistance contributes among the other 5 corporate UNDP Goals to “Achieving MDGs and Reducing Human Poverty”, within the Service Line 1.1. “MDG Country Reporting and Poverty Monitoring”, towards the outcome “Statistical capacities and analytical processes for regular MDG reporting established”. The **ongoing** contributions to the achievement of this outcome are:

- The Joint UNDP/UNICEF Programme “Support to Strategic Policy Formulation, Monitoring and Evaluation in the Republic of Moldova” that assist the Government of Moldova in strategic long-term planning for achieving nationalized MDGs, as well as in the effective monitoring and evaluation of the Economic Growth and Poverty Reduction Strategy targets, Millennium Development Goals and the objectives of the European Union – Moldova Action Plan.
- The “Economic Policies for Growth, Employment and Poverty Reduction” joint UNDP/Sida/DHID/ILO Project, which provides useful policy advice on promoting pro-growth, pro-employment and pro-poor economic policies and provide a useful input into the formulation and implementation of the Economic Growth and Poverty Reduction Strategy in Moldova.

The proposed project “**Support to the Formulation of National Human Development Reports**” will make a contribution to the same area of assistance due to the fact that NHDRs are seen as an important tool used by UNDP in its important role of providing leadership and coordination that facilitates nation-wide dialogue on ways and means to accelerate poverty alleviation in the country.

The concept of NHDRs is an outgrowth of the highly-successful global HDRs, which, distributed annually by UNDP, identify global developmental strategies. Thus, the strategy for the preparation of NHDRs, requires inputs similar to those required for HDRs. The formulation of each NHDR is expected to take approximately 1 year, with launch and dissemination for a period of approximately 6. The formulation of each NHDR will require a number of steps, which are provided in the attached Results and Resources Framework (Section II).

UNDP will select together with the Government an Advisory Board with members from the Government, Donors, Civil Society, Private Sector and other possible stakeholders and a think tank (team of experts) who will be responsible for the formulation of NHDRs and coordinating efforts with UNDP respective project coordinator. The report will be done in Romanian, an outline and subsequent drafts of the report will be widely discussed. The final paper will be translated into English and/or Russian. A number of events will follow in order to launch and disseminate the report.

### **Coordination Arrangements**

Since sustainable human development (SHD) can only be successful if the developing nation itself, and its people, identify and pursue the nation's development needs, it is essential that the Government plays a active advisory and cooperative role in the preparation of NHDRs. The role of independent experts will be equally important. Coordination between the Government, the Department of Statistics and independent experts participating in the NHDR national team, will be facilitated by the Programme Support Officer of UNDP Moldova.



### Part III. Management Arrangements

The project duration is estimated at 2 years and will be nationally-executed with the Ministry of Economy acting as an Implementing Partner. This project may be extended for up to 7 years to support the production of subsequent NHDRs

A national NHDR team (NHDR team) will be selected by UNDP in consultation with the Government of Moldova and other partners. The NHDR team must be strongly committed to the successful completion of the Reports by the dates set in the Terms of Reference that will be developed at the initial stage of the project implementation.

In light of this commitment, the parties therefore agree to provide the following support:

The Government agrees to provide:

- a) support of the NHDR team in the preparation of the Report;
- b) ready access to Governmental bodies and personnel, as required to formulate NHDRs in accordance with national agenda.

UNDP agrees to provide:

- a) assistance in the selection of the NHDR team;
- b) coordination and supervision of the project objectives, through the facilitative role of the Programme Officer/Associate of the UNDP Moldova office; and
- c) assistance in the compilation of the NHDR in terms of UNDP policy concepts, format/printing, and contracting NHDR team.

**UNDP proposes to use the Country Office Support to National Execution modality.**

- a. National NHDR team. Selection will be done according to UNDP procedures on a participatory basis involving all partners
- b. UNDP Guidance Provision of coordination assistance to the national NHDR team from the UNDP Programme Support Officer.
- c. Printing/Distribution Provision of funding for printing and distribution of NHDRs.

## 2. Government Inputs

- a. Seminar Participants Identification by the Government of appropriate Ministerial representatives to serve as participants in the above mentioned activities.

b. Statisticians

Provision of assistance from the Department of Statistics for the collection and formulation of NHDR data.

**UNDP** will provide funding and overall programme support and facilitate the implementation of the project through the provision of policy advice and a set of support services. The cost of the support services will be covered based on the established cost-recovery scheme. The UNDP Regional Resource Centre in Bratislava will be providing selected services such as identification of international/regional experts and review of technical reports.

UNDP will verify progress towards the achievement of the project's results and monitor its financial activity. Funding will be released by UNDP based on a three-month work-plan developed in cooperation with the National Coordinator as well as the Quarterly Authorization signed by the National Coordinator. UNDP will make direct payments to other parties for all goods and services provided to the project.

The selected NHDR team will work in close cooperation with the National Coordinator and UNDP Programme Officer/Associate, and will be responsible for the overall management and administration of inputs based on the UNDP rules and procedures. The NHDR team will propose an NHDR Manager (Local Coordinator) to be in charge of making all necessary arrangements for the activities envisaged by the project document. He/She will bear the responsibility of drafting and updating work plans, and producing necessary reports. The Manager will also be required to make substantive contribution to the achievement of the main project's results.

The international and local experts in cooperation with the NHDR Manager will be responsible for the provision of the substantive inputs for and technical review of the strategic papers to be produced.

#### **Part IV. Monitoring and Evaluation**

The project will be subject to monitoring and evaluation according to a monitoring and evaluation framework, which will specify measurable indicators, sources of data and timeframe. UNDP tools such as Annual and Quarterly Work-plans/reports will be used for this purpose. The project will be subject to the Annual Programme Review according to the agreed rules.

A Project Terminal Report (APR format) will be prepared by UNDP in cooperation with the National Coordinator. It should address, among others, lessons learnt in the implementation of the project. It shall be drafted sufficiently in advance to allow review and technical clearance by the project partners at least one month prior to the final SC meeting.

The project may be subject to the external audit to be organized in accordance with the UNDP Audit Plan.

#### **Part V. LEGAL CONTEXT**

This project document is an instrument referred to as such in Article 1 of the current Standard Basic Assistance Agreement (SBAA) between the Government of the Republic of Moldova and UNDP.

The following types of revisions may be made to this project document with the signature of the UNDP Resident Representative provided that he is assured that the other signatories of the project document are in agreement with the proposed changes:

- a) Revisions in, or addition of, any of the annexes to the project document;
- b) Revisions which do not imply significant changes in the objectives, outputs or activities of the project, but are caused by the rearrangement of inputs agreed to or by cost increases due to inflation; and
- c) Revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation.

Changes to be introduced should be discussed and agreed on up by members of the Steering Committee.

## PROJECT RESULTS AND RESOURCES FRAMEWORK

<p><b>Intended Outcome as stated in the Country Results Framework:</b> Statistical capacities and analytical processes for regular MDG reporting established</p>			
<p><b>Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target.</b></p>			
<p><b>Applicable MYFF Service Line:</b> MYFF Goal 1. Achieving the MDGs and reducing human poverty; Service Line 1.1 - MDG country reporting and poverty monitoring</p>			
<p><b>Partnership Strategy:</b> The project implementation strategy envisages that of a wide range of experts and decision makers, including from local communities, will participate in the discussions on the issues analyzed in the NHDRs and formulation of policy recommendations. This will be achieved both through the involvement of a significant number of independent experts in the preparation of the Reports as well as through the organization of a series of conferences/roundtables/workshops on specific policy issues. Such an approach is important for building broader and stronger alliances and partnerships for the promotion of HD concerns and their integration into the national policies and development plans. To facilitate this process, an NHDR Advisory Board pooling capacities of the relevant government and non-government institutions, the academia and private sector will be put in place.</p>			
<p><b>Project title and number:</b> "Formulation of National Human Development Reports"</p>			
Intended Outputs	Output Targets	Indicative Activities	Inputs
<p>1. National Human Development Report formulated in a participatory manner, and widely disseminated with the aim of increasing awareness about Human Development issues</p>	<p><b>2005 target:</b></p> <ul style="list-style-type: none"> <li>National NHDR team formed. Theme of the Report selected in a participatory way. The Concept of the 2005 NHDR developed and agreed upon.</li> <li>Second draft produced and discussed with a wider group of experts,</li> </ul>	<p>1.1. Establishment of an Advisory Board to oversee/participate in the preparation of the 2005 National Human Development Report; 1.2. Organization of an extended meeting of the Advisory Board and select the topic for the 2005 Report; 1.3. Recruitment of a think tank with local consultants and team leader <i>to form the NHDR Team</i>; 1.4. Development of the Concept of the</p>	<p>Local consultancy International Consultancy Travel Printing Hospitality Supplies Communications Postage</p>

	<p>local and international, and policy makers;</p> <p><b>2006 target:</b></p> <ul style="list-style-type: none"> <li>• 2005 National Human Development Report completed and launched and widely disseminated;</li> </ul> <p><b>Target: Awareness of the public about HD principles increased</b></p>	<p>Report and presenting it for the Advisory Board discussion;</p> <p>1.5. Identification of areas for and conduct additional studies, surveys, polls, etc. to produce/collect missing data, and to assess the level of public knowledge about SHD;</p> <p>1.6 Organization of capacity building activities for the Department of Statistics on the new HD measurements tools.</p> <p>1.7. Organization, based on the Concept and the results of the additional surveys and studies, of a series of consultations with various partners in order to develop the first draft of the Report. Submission for discussion with a wider circle of partners;</p> <p>1.8. Finalization of the second draft of the Report and submission to an independent assessment of it from the NHDR Advisor at the UNDP Regional Resource Centre and an external evaluator;</p> <p>1.8. Organization of a series of consultations at the local level and in Chisinau on the preliminary findings and conclusions of the Report.</p>	
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